



PSC NEWS

Missouri Public Service Commission

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PSC SAYS NO TO EMPIRE DISTRICT ELECTRIC COMPANY REQUEST TO PLACE AN INTERIM ENERGY CHARGE ON CUSTOMER BILLS NOW

Jefferson City (August 11, 2004)---The Missouri Public Service Commission has denied The Empire District Electric Company's (Empire) request to place an interim energy charge on customer electric bills now while Empire's electric rate case moves forward. The Commission said the interim energy charge issue will be heard along with all other rate case issues at PSC hearings starting on December 6, 2004.

In its rate case filed on April 30, 2004, Empire seeks an interim energy charge of \$.004 per kWh (kilowatt-hour) on customer bills. For a residential customer using 1,000 kilowatt-hours a month, the interim energy charge would be \$4.00 a month. However on May 20, 2004, Empire filed a request with the Commission seeking to place that charge on customer bills now.

The Commission stated in its order denying Empire's request: "The Commission, having considered the pleadings filed by the parties and the on-the-record presentation, has determined that it is inappropriate to undertake the litigation of the IEC (interim energy charge) at this time."

The Commission will take up the question of the IEC as part of rate case hearings in December. "The issues as to the lawfulness of the proposed IEC and Empire's need for such a mechanism will be determined along with all the other issues presented in this matter."

Background: The Empire District Electric Company (Empire) sought Commission authority to implement an interim energy charge for its customers now while the rest of the rate case moved forward.

In its motion seeking to have the interim energy charge placed on customer bills now, Empire stated the interim energy charge is a mechanism designed to quickly pass on to ratepayers changes in the Company's natural gas costs. Empire stated that natural gas is the primary fuel for more than half of Empire's generating capacity and that natural gas costs are historically very volatile.

The PSC Staff said that Empire's motion was, in effect, a request for interim rate relief pending the final resolution of the current rate case. Staff further noted that Empire's motion did not attempt to show that its current circumstances constitutes a financial emergency justifying immediate relief.

The Office of the Public Counsel, the state government agency charged with representing the general public before the PSC, stated that granting the motion and allowing the interim energy charge to go into effect now would amount to a rate increase of approximately \$6 million without any opportunity for a hearing.

The Empire District Electric Company serves approximately 136,900 electric customers in the Missouri counties of Barry, Barton, Cedar, Christian, Dade, Dallas, Greene, Hickory, Jasper, Lawrence, McDonald, Newton, Polk, St. Clair, Stone and Taney.

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